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ADDRESS DELIVERED BY SAMUEL SPENCER.

*Mr. President and Members of the  
National Association of Manufacturers :*

It has frequently been said that this is essentially an age of industry. Certainly within the past generation there has been greater industrial progress, greater growth and diffusion of wealth than in any other period of history. In this activity the United States has taken the lead of the world. The requirements of this development and the consequent advancement of the arts of civilization have been beyond the powers, physical and pecuniary, of the individual or the co-partnership under which the industrial and commercial enterprises had previously been conducted. The formation of corporations to take the place of the individual or copartnership, and the subsequent combination of many of these corporations into still larger ones, have been the conspicuous and characteristic features of this evolution. Ours is not only an age of industry, but it is the age of the industrial corporation suddenly and enormously developed.

The process has gone on so rapidly and to an extent so vast that the imagination, especially of those who have not actively participated in the transformation, has been bewildered. Mere size in these corporations has on occasion been construed as necessarily meaning wickedness and corruption. The mere failure to comprehend has, in many instances, been the cause of unmerited condemnation.

Legislation has been continuously proposed, and to an extent enacted, to control or to regulate the formation and the operations of these corporations.

Such legislation was first directed against corporations engaged in the business of common carriers. This was natural, because the business of common carriers upon a large scale in this country, necessarily from the beginning has been conducted by corporations, instead of by individuals or firms, and because the common carriers performing quasi-public service, were, properly amenable to government.

tal supervision and regulation. Legislation in respect of the industrial corporation, embracing now so largely the manufacturing and commercial interests of the United States, came later.

The Act to Regulate Commerce, passed by Congress in 1887, was directed towards the regulation of a certain class of common carriers. The Anti-Trust Act of 1890, known as the Sherman Anti Trust Law, was supposed at the time of its passage to be directed solely against the so-called trusts or large corporations or combinations engaged in industrial pursuits other than that of transportation. The two acts were intended to deal severally, one with the function of transportation conducted by common carriers by rail; the other with the manufacture and sale of commodities.

It has since been determined by judicial decree that both acts apply to the common carrier, with the anomalous and confusing result that if the carrier obey one law he runs the risk of disobeying the other. The only way he can establish that uniformity and stability in rates demanded by the one law is to adopt concurrent action which may be forbidden by the other.

The Act of 1890 was intended not to control or regulate, but practically to suppress the growth of the industrial corporations.

Perhaps the most striking feature of industrial conditions since its enactment has been the continuous and enormous increase in the number of such corporations, their almost uninterrupted growth in wealth and efficiency and their combination into larger units.

Instead of being suppressed, these powerful agencies for economy and usefulness have grown until they practically represent the progressive industry of the country.

Industry and commerce are now carried on to such an extent by these agencies that discussion has sometimes become rife as to whether the growth of corporate influence and power does not menace the very foundations of the Government.

It has been suggested that this tendency of the age

means the decay of the individual under the blighting shadow of the corporation; that individual effort and ambition are being lessened and the quality of citizenship is suffering in the process; that that mainspring of individual effort, the opportunity to own property, and to direct its operations and enjoy its fruits, is being dangerously diminished as a factor in our national existence; that the artificial citizen is taking the place of the natural; that freedom of individual choice and individual action and enterprise in business may soon be a thing of the past. This view is based, of course, upon the fact that many firms and individuals have changed the form of their business into that of a corporation; that many who created, owned, and personally directed small enterprises have now become merely silent investors in the larger organizations of which those enterprises have become part. I have no doubt, a majority of the corporate organizations represented in the Manufacturers' Association have been built up by this process.

We cannot ascribe to the idiosyncrasies of a period, this wide-spread tendency towards corporate management. While the change from individual to corporate direction of industry may, in some cases, be due to force of circumstances, contrary to the preference of the individual, there are few exceptions to the rule that the change has been the result of that individual choice which is the very essence of industrial and commercial freedom. In such a process, if the individual has suffered, he has done so in the exercise of his own judgment, and in the pursuit of his interest as his interest then appeared.

On the other hand, the man or men of the greatest individuality, the greatest commercial force, have remained to direct the corporations, and the men of superior judgment, force and skill are finding wider scope for their individuality and activity than ever before. It has been aptly said that the corporation is but the individual expanded.

Whether business be conducted by a person, a firm, or a corporation large or small, it is the ambition, the enterprise and the achievement of the individual that make it successful.

This is in accordance with the laws of nature, the laws of

trade, and is necessary for commercial progress. No legislation for governmental direction or control can affect the operation of these laws except to repress activity, to circumscribe commercial growth, and thus, if not to bring disaster, at least to lessen that degree of prosperity which we have now attained, and to limit that greater field of achievement which we are otherwise destined to occupy.

The spirit of industrial and commercial combination, founded on the fundamental laws of economy of production and of cheaper distribution, can never suppress or diminish the personal activity of any citizen, except of one whose natural limitations disqualify him for successful competition with his superior neighbor. So long as that competition is fair and legal, the individual cannot unduly suffer. It is the part of the Government, of course, to see that the field of competition is kept open equally to all, but it is not its province to bolster up the fortunes or even the opportunities of one against the other. Freedom of endeavor fosters the growth of the individual, whether he chooses to conduct his business personally or transfer it to a corporation. On the other hand, there is nothing which so weakens the fibre of individuality as reliance upon paternalism, whether governmental or otherwise, for support in the struggles of life in which manhood is built up and on which all true success depends.

If we must choose between the possible weakening of the less competent by transfer of activity from the individual to the corporation, and the weakening of all individuals, even the most capable, through socialism or governmental paternalism, surely the part of wisdom will be to choose the former, and to thus continue the free exercise of individual choice and of the legitimate laws of trade and commerce upon which all of the substantial and useful growth of the world's industries has thus far been based.

Yet recent tendencies in our legislation seem to threaten this danger of sapping the strength and the courage and the enterprise of the individual citizen. Socialism is stalking abroad, and the possibility of its entrance in our national life clearly and distinctly confronts us.

The recently proposed legislation in respect to fixing rates of transportation by the United States Government through one Commission for the entire country may be a most significant beginning. It is true the proposition is put forward, not with the avowed purpose to fix and establish the prices at which transportation is to be sold, but under the guise of the correction of abuses, by granting power to the Commission to substitute in a particular case a rate or price which, in the judgment of the Commission is just or reasonable in the place of one judged by it to be unjust or unreasonable.

This would be akin to the Government saying to manufacturers that you are charging an extortionate price for a product and must hereafter charge only a lesser price to be fixed through Commission or otherwise. If the Department of Commerce and Labor were clothed with power to set aside the price of one article which it regarded as extortionate, and substitute therefor a lower one, would not that be the power to ultimately fix the prices of all your products? The right to name one price is, of course, the right in the end to name all, and the right to name all may mean, if the power be used, the absolute suppression of that enterprise which now finds its most beneficent activity in conducting the great and ramifying industrial interests of this country, restrained only by the Constitution and the common law and the great natural laws of trade.

I am not denying the power or the right or the policy of governmental regulation by proper and safe methods of the performance by the railways of their public duties.

To correct abuses is one thing, to supervise and direct the earning power or the operations of a business of whatever character is quite another.

I am only pointing out that if the Government in its regulation of common carriers, shall go beyond the point of correcting well-defined abuses and unjust discrimination, it may unintentionally, possibly unconsciously, be entering upon a policy of governmental paternalism, from which retreat will be difficult if not impossible.



If it shall do so, what assurance can there be that the next step in such a policy may not be similar action in establishing the prices at which manufactured articles shall be sold.

It has been repeatedly charged that the Interstate Commerce Act has failed in its purpose for the suppression of rebates and unjust discriminations, and it is argued therefrom that additional power, the power to fix future rates should be granted to the Commission. It may be true that the rebates and unjust discriminations have not entirely disappeared, although they have been enormously diminished. It is also true that the power, ample under existing law for their suppression, has not been fully used, and it is equally true that the measures recently proposed will, if adopted, have absolutely no effect as a remedy for these evils. If such legislation be enacted, the first and possibly fatal step in industrial paternalism will have been taken, whilst the evils urged as an argument for it may still remain uncorrected.

The case of the manufacturer and the merchant under the Anti-Trust Law of 1890 may not at all be dissimilar. The purpose for which the Act was passed, the suppression of the so-called trusts, has certainly not been accomplished. The real remedy, the application to the courts, and the detection and punishment of violators of the law, has no more been applied under the Anti-Trust Law against the commercial and industrial corporations, than it has been against the railway carriers under the Act to Regulate Commerce. Industrial corporations have grown and prospered, and prices of commodities have risen to an extent far greater than have the prices for transportation. May not the corporate manufacturer or the corporate merchant be confronting, in the near future, the same problem with which the carriers have been brought face to face, namely, suggested additional legislation on the plea that existing legislation has not accomplished its purpose? If so, if the precedent is established that a Commission shall make rates for the railways, may not the equally illogical and harmful step follow that the Government shall make prices for the manufacturer and the merchant?

The remedy for corporate evils lies not in suppression nor in undue governmental regulation or governmental control. Suppression by statute has been tried, and has failed. Governmental regulation beyond the limits of correcting irregularities and abuses, means a paternalism which will sap not only the energies and initiative of the individual, but must retard the development of the country, and may possibly threaten the foundations upon which free Government is based.

The remedy lies in an intelligent and thorough recognition of the benefits to be derived from large corporate instead of small individual activity; it lies in throwing the searchlight of public knowledge and public scrutiny upon all corporate action and methods which can, by illegal abuses and discriminations, inflict injury and injustice upon others of equal rights; it lies in wise and judicious laws in respect to the formation of corporations, the amount and character of their capitalization and the scope of their corporate powers, and in a system of governmental supervision and inspection which can successfully detect and punish all infractions of the law.

It lies not in the restriction of the earning power or the profits of corporations thus formed or thus supervised. The profits of corporations, legitimately organized, and legally and honestly conducted, should be no more restricted by governmental action than the profits of the individual engaged in similar pursuits.

Under such conditions, and they are easily attainable, the well-managed corporation has great usefulness for the good of the individual citizen and of the entire country, and in it there is no menace to the structure of our free institutions.

The corporate citizen should be treated as is the natural citizen. Its crimes or misdemeanors or irregularities should be exposed and punished or corrected, but its energies and capacity for development should be encouraged by that freedom of opportunity and effort which under our free institutions is guaranteed to all.

We should learn, as we shall, to disregard the question of mere size, and to look at the substance, the character and the



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actual doings of the corporations, and when this is accomplished, corporate management as contrasted with that of the individual will cease to be a bugbear.

We have successfully grappled many times in the past with difficult and perplexing problems, both political and economic.

Our forefathers were pioneers in the establishment, under new and untried and often discouraging conditions, of a government of the best and most beneficent character. They were pioneers in the settlement and development of the wealthiest of continents. Almost within our own generation we have been the pioneers in the creation of a system of national transportation, over the largest areas, affording the lowest rates, and the highest efficiency which the world has ever known. Within the memory of those now here we have met and permanently solved the conflicting questions of national finance, which at times threatened the national credit, if not the national integrity.

In all the crises which have yet arisen the sound common sense and conservative character of the American people have ultimately triumphed, and the nation has been safely guided through the impending dangers.

The irresistible march of commercial progress, has now made us the pioneers of the world, in the creation and development and management of the largest industrial organizations ever known, with the beneficent result that their products are more cheaply produced, and are more widely and more bountifully distributed than ever before. Great as may be the responsibility which this entails, the American people as they always have been, will be equal to a wise and conservative solution of the problem, without loss of individuality in the citizen, without menace to the free institutions of our country as bequeathed to us by our forefathers, and yet without resorting to the dwarfing effect of governmental paternalism, or the fatal follies of socialism.